

STEEL TRUST ONLY COPIES GOVERNMENT

President Farrell Says It
Favors Foreign Trade,
But So Does U. S.

FREIGHT TARIFFS LOWER

Corporation Had No Confidential
Contracts, Witness
Testifies.

James A. Farrell, president of the United States Steel Corporation, admitted on the witness stand yesterday afternoon that his company has sold products for export cheaper than to domestic users. He said the company in doing this was only following the lead and example of the United States Government, which is seeking to stimulate foreign trade by permitting lower freight rates through the Interstate Commerce Commission for all goods intended to go abroad.

Mr. Farrell was under cross-examination yesterday, which will be continued today. Ex-Secretary of War Dickinson led him over a wide range of subjects, embracing agreements with large consumers, prices, understandings and freight rates. He did not strike the foreign trade phase until later in the afternoon. It is expected that there will be considerably more questioning along that line today, as the subject of foreign trade, prices, understandings and agreements is yet to be gone into.

Mr. Farrell said that the company through the United States Steel Products Company had labored hard to stimulate the foreign trade. There were agents abroad who worked, while in this country every endeavor was made to encourage manufacturers of finished products to develop their foreign trade.

"Is it not a fact that you sold products abroad cheaper than in this country?" asked Judge Dickinson.

The witness wanted to explain. He said that if a company should receive an order for an automobile for Japan it would give a favorable rate, more favorable than to a man who wanted to manufacture the same kind of automobiles for the United States. Anybody who came to us saying he had a foreign order for which certain of our products were necessary received advantage of the lower price than for the domestic trade.

It was then that a question of Judge Dickinson brought the answer that the company felt justified in doing this because the United States is doing everything in its power to foster foreign trade.

Following Government's Lead.

"The Government through the Interstate Commerce Commission, permits a lower freight rate for all articles intended for foreign commerce than it does for domestic trade," Mr. Farrell said, which appeared to surprise the cross-examiner. He explained that for freight bound for the Far East, for instance, there is a lower rate from Pittsburgh to San Francisco than for articles intended to be used on the Pacific coast. "It is a lower rate from Pittsburgh to the Atlantic seaboard for such articles. It is lower in every instance. The Government stimulates this trade and we encourage it," the witness concluded, and the crowd laughed. The rule has been in force since 1903.

At the outset of the cross-examination Judge Dickinson picked up a declaration of Mr. Farrell in his direct examination that the prices of the United States Steel Corporation were published weekly, known to everybody and strictly adhered to. The prices were always made known through the trade papers. In his cross-examination Mr. Farrell admitted that all prices were not so announced and that there were structural materials and the like. Everybody was treated alike. Then Mr. Dickinson broadened out.

Q. Mr. Farrell, I will ask you if the United States Steel Corporation did not after its formation and extending over a long period of years have a secret agreement with the Harman lines by which straight preferential prices were given to those lines? No, sir, they had no secret agreement.

Q. Were those agreements known to the public? A. To a large part of the public, I think.

Then Judge Dickinson asked other questions, which revealed that from 1907 or 1908 the corporation had a contract with the American Can Company and that this contract was renewed several months ago. Judge Dickinson wanted to know if it was not a preferential contract.

"The American Can Company is the largest purchaser of tin plate in the world," said the witness. "It buys in round numbers 300,000 tons a year, and because of the quantity they are treated the same as any other large buyer. They get a price a little lower than to a buyer of a ton of tin plate."

Q. Didn't the contract tie them up to take 35 per cent of their requirements from you? A. I believe that it contemplated the taking of the bulk of their requirements from us.

Q. Now, do you say that this contract was known and that other customers knew the price at which you were selling the American Can Company? A. I think, in some instances.

The witness admitted that this contract was not published in the news papers, but he thought that such large buyers as the Continental Can Company knew it. It was never announced. He said this was not a confidential contract and that it was renewed several months ago after the filing of the Government's suit. He said the filing of the suit had no connection with the revision of the contract.

Big Orders Got Low Prices.

Judge Dickinson then took up a contract between the Carnegie Steel Company and the Pittsburgh Steel Company made July 1, 1903. In this agreement the Pittsburgh concern was to take all the steel billets it needed from the other company, estimated to amount to about 15,000 tons a month, and in return it was to get a price \$2 per gross ton less than ruling price. The witness insisted that this was a quantity contract and not a preferential contract, and over that point there was a long series of questions which added to the record without enlightening a layman. Then it developed that there was another agreement with the National Transit Company, a subsidiary of the Standard Oil Company. This agreement evidently called for sales of from 50,000 to 200,000 tons of steel, and Mr. Farrell had to admit that when

James A. Farrell

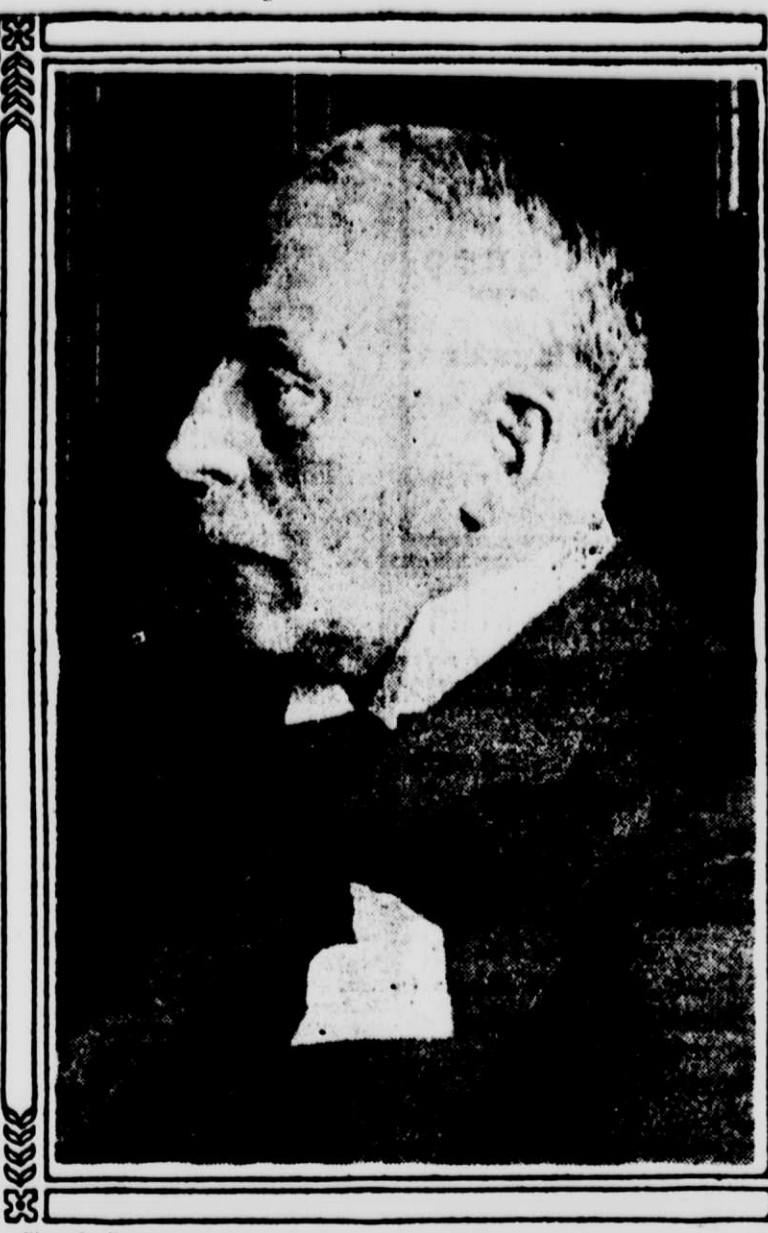


Photo by Powers.
President of the Steel Corporation, photographed at the hearing yesterday.

ONE INSTANCE OF TRUST LAW VIOLATION ENOUGH

That Is Sufficient Proof
Against Shoe Machinery Co.,
Says Judge.

PATRONAGE CLUB HITS SULZER.

Capitol Jobs Taken Out of John A. Hennessy's Hands.

ALBANY, May 22.—The trustees of State public buildings met today and took away from John A. Hennessy, executive auditor, the power he has been exercising in employing and laying off men in the construction department of the Capitol. The trustees are Gov. Sulzer, Lieut. Gov. Glynn and Speaker Alfred E. Smith.

They adopted a resolution providing that no one shall be employed or laid off without the consent of a majority of the three trustees. Lieut. Gov. Glynn and Speaker Smith will act together on this point.

Democratic State Committee member Daniel J. Dugan, whom Gov. Sulzer has said is to be Albany county leader in place of Patrick E. McCabe, has tried to get patronage in the construction department of the Capitol and on the State canals. The action of the trustees today will shut Mr. Dugan out. Last week Gov. Sulzer suggested to State Superintendent of Public Works Deek of Syracuse that he appoint a Dugan man in place of the McCabe canal boss at Cohoes. Supt. Deek has notified Gov. Sulzer that the McCabe man has been an efficient official for the last two years and that he could not remove him on the sole ground of politics.

At the meeting of the trustees of public buildings today State Architect Lewis E. Dichter recommended that work on the Capitol Building under percentage contracts held by Callahan & Prescott be discontinued. This was voted down. Callahan & Prescott are friends of Smith M. Wood and former Lieut. Gov. Thomas F. Conway of Pittsburgh.

NO ALBANY POST ROAD TROLLEY.

Gov. Sulzer Vetoes Bill, Saying Highway Should Be Preserved.

ALBANY, May 22.—Gov. Sulzer vetoed today the Highway bill permitting the construction and operation of an electric trolley for a stretch of thirteen miles along the narrow Albany post road in Westchester county, running through Tarrytown, North Tarrytown, Irvington and Dobbs Ferry. Deputy State Comptroller Michael J. Walsh, Democratic leader of Westchester county, got the bill through the Legislature as a party measure and it was attacked as in the interests of the traction combination in that section.

While the Governor believes this important link in the through road across the State should be kept free from railroads, he would not have signed it away, because the Westchester county Democratic politicians who were behind the project declined to favor the Governor's direct primary bill.

In vetoing the bill the Governor said the Albany post road from trolleys and the Burne law, enacted in 1890. The reasons that then existed for the preservation of the historic highway exist today in my judgment, with much greater force.

"The convenience of the citizens through the territory affected can be accomplished readily by a trolley line located elsewhere."

SULZER FOR LOW PHONE TOLLS.

Announces Hearing on All New York City Rates.

ALBANY, May 22.—"It is a matter of general congratulation," said Gov. Sulzer tonight, "that the Public Service Commission of the Second District has decided the telephone cases relating to the area known as Bay Ridge, Bath Beach, Midwood, Coney Island and Canarsie in Kings county. The commission will now institute a general investigation of the toll rates between all points in Greater New York."

"It has ordered a public hearing regarding all telephone charges in Greater New York. This hearing will be held in the assembly room of the Metropolitan Building, 1 Madison avenue, New York city, on Tuesday, May 27. The question of a general readjustment of telephone charges in Greater New York will be taken up."

PAID TRINITY FOR DAMAGE.

Col. Jay Says City Money Was Not for Churchyard Rights.

Col. William Jay, clerk of Trinity Church, denied yesterday that the church had received money from the city for subway rights under St. Paul's churchyard. He said:

"The statement in the press to the effect that the Corporation of Trinity Church had received money from the city for the right to build a subway under St. Paul's churchyard is not correct. The consideration expressed in the deed reserving the right to the city was the right to build a subway under the churchyard, but the building of the subway was not to be done until the city had received money from the city for subway rights under St. Paul's churchyard."

By an agreement of counsel Secretary Donham was ordered to prepare a complete list of leased machines and the names of the manufacturers to whom leased.

Secretary Donham testified that the company sells out different kinds of machines used in the shoe industry, but they did not include the Goodyear welt stitching machines, the Goodyear outside stitching machine or the Welt machines.

HAS SEEN 20 AVIATORS KILLED.

Mr. Scott Says Aeroplane Is Restricted to Military Purposes.

Reilly Scott, a West Point graduate and inventor of a bomb dropping device, said at the meeting of the Aeronautical Society last evening that he believed the value of the aeroplane as present is restricted to its military use.

He said that the aeroplane is more dangerous than the automobile and for that reason should not be entrusted to the unskilled. He said he had seen twenty aviators killed in the last year and that most of them were unskilled for flying.

"We do not realize the importance that military men attach to the aeroplane," he said. "The Powers in Europe are spending millions on aviation, and France is making a desperate effort to keep in the lead."

KAISER FUND NOW \$35,355.

Contributors to the Memorial Asked to Sign Address.

The Kaiser Memorial Fund for a memorial in the German Hospital has reached \$35,355, and contributors are invited to sign an address to be presented to the Kaiser on June 15, his twenty-fifth anniversary as Emperor. The address will be at the office of Dr. Paul Patcke, German Consul-General, at 11 Broadway, from 9 A. M. to 5 P. M. on May 26, 27 and 28 and at the German Club on May 29 and 30 and June 1, afternoon and evening.

Among the larger contributors are Adolphus Rusch, Jacob H. Schiff, James Speyer, Herman Ridder, Hugo Reisinger, Edward D. Adams, George Ehret, Fritz Achelis, Paul M. Warburg and Mrs. Anna Warholiner.

RICE SAW BREEN GET DYNAMITE, HE SAYS

Quarry Owner Testifies He
Lent Explosive to Pitman,
a Friend.

HOW POLICE WERE FOOLED

Lies Told, Says Breen, to Mislead After Explosive Had Been Planted.

Boston, May 22.—William H. Rice, owner of a large granite quarry, who is under indictment for illegally transporting dynamite found in Lawrence, a year ago, was a witness for the State today in the trial of William M. Wood, Frederick E. Attiaux and Dennis J. Collins.

Rice testified that he furnished to Ernest W. Pitman, now dead, the dynamite found by the police in Lawrence. The witness corroborated John J. Breen and Collins in that the dynamite was turned over by Pitman at Washington and Franklin streets on the night of January 19, 1912. Rice said he had known Pitman for thirty years.

Rice said he saw Pitman last in the latter part of January, 1912, and thought it was Friday, the 19th, as the next day he saw accounts in the newspapers of the discovery of the explosive in Lawrence.

He said Pitman telephoned to him about noon of January 19 and made an appointment to see him. Between 4 and 5 o'clock in the afternoon Pitman came to Rice's home at Quincy in an automobile and Pitman said:

"Let's go up to the quarry."

"They Went After Dynamite."

"We went up to the quarry," testified Rice, "and into my shop. He said: 'I'm doing a job in Worcester and I need a little dynamite. Will you let me have some? I want to blast some boulders.'"

"I said: 'I'll lend you some, Ernest, if I can. I cannot send it to you, you know.'"

"After supper," Rice said, he got the dynamite, wrapped it up and left it on the steps of the house. There were twenty or twenty-five sticks wrapped in burlap and paper, and in addition some detonating caps were supplied. These were separate in a tin box, their original package. Pitman carried the bundle of explosive and had the caps in his pocket while they rode into Boston on trolley cars.

Continuing, the witness told of getting on the car with Pitman at Franklin street and of waiting with the dynamite lying on the sidewalk while Pitman looked for some one.

Pretty soon, he said, Pitman returned with a man he took for Pitman's foreman and the dynamite was turned over without a word.

"You didn't know the man to be Breen?"

"No."

Breen, He Says, Got the Dynamite.

"Was that man Breen, as you have come to know him since?"

"Yes."

Rice said he and Pitman went to the quarry and returned to the house in an automobile, but he did not know whose it was. He testified that it was a large touring car driven by a chauffeur.

Cross-examined by Attorney Cockley Rice was asked:

"Did you hear Breen testify that Mr. Pitman walked down Franklin street and that Pitman introduced him to you?"

"Yes."

"Was that true?"

"No."

"Did you hear Breen testify that he asked you what danger there was in carrying the package?"

"Yes, sir."

"Was there any such conversation?"

"Not with me."

Undertaker Breen under cross-examination asserted that he did the work for Attiaux "as a friend." He admitted that some of his statements to the police were lies told to deceive them.

Collins's Memory Is Bad.

Dennis J. Collins was recalled and asked if he had a conversation with Breen prior to being summoned before the Grand Jury and after Breen's conviction, and witness recalled it. As to other questions, however, he said he could not remember.

Breen was questioned as to his conversation with City Marshal O'Sullivan of Lawrence and was asked if he told the marshal when he requested the assignment of an inspector for special service that he wanted him to search for dynamite. Witness said that he didn't mention dynamite then. In answer to numerous other questions Breen replied that he could not remember.

Breen was asked if he said that he would give the information to the police regarding the location of the dynamite in return for putting the proposed Lawrence inspector Woodcock back in plain clothes again. Witness said that he "did not think that he said that," as Inspector Rooney of Boston and alleged.

"You said that you did this for a friend; was that friend Woodcock?"

"No, it was Attiaux."

"And you did this as a friend of Attiaux?"

"Yes."

Breen admitted that he lied to the Lawrence police when he told them that he drew the description of the "plans" from one given to him. He could not remember whether he had offered to compromise the civil suits brought against him by the Lawrence foreigners for \$500. He could not remember if he had told Attiaux on July 13 that he was broke, but did know that his fine of \$500 had been paid.

He denied saying to Attiaux, "If you asked Mr. Wood, don't you think that he would help me?"

Attorney Cockley wanted to know if the witness did not know that Pitman had been led to an attempt at suicide as a result of his loss of nearly \$100,000 through the Blanchard failure in Lawrence.

Breen said that he had heard of it since, but did not know of it before the dynamite plant. Neither did he recall Pitman as acting out of his mind during any of the time he had seen him.

Breen admitted that although he had said he had no idea of suits being brought against him he had transferred Lawrence and Derry, N. H., property to his wife. This was five days before his arrest.

Referring to the alleged dropping of



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Gets \$7,500 for Two Fingers. A jury before Supreme Court Justice Kelby in Brooklyn has awarded Mary Purcell a verdict of \$7,500 in her suit against the American Manufacturing

Company for the loss of two fingers on her right hand. It was alleged that the machine on which she was working was unprotected and that the oil was allowed to run on the floor, causing her to slip and thrust her hand into the machine.